



## ANNUAL COMPLIANCE REVIEW

# 2019

*The escalation year: bigger fines, broader scope, sharper accountability*

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## A Note from the Founder

2019 was the year the headline numbers got bigger. Standard Chartered paid 1.1 billion dollars in April. Westpac paid 1.3 billion AUD in November (technically resolved in 2020 but the case broke and the run on the bank's reputation happened in 2019). The 1MDB Goldman Sachs case continued to deepen. The Capital One examination findings that would become the 2021 FinCEN penalty matured. UniCredit settled with the DOJ for 1.3 billion dollars for Iran sanctions violations.

But the more important story was that the supervisory expectations underneath those headline cases were getting sharper. OFAC released its A Framework for OFAC Compliance Commitments in May, the first formal articulation of what an adequate sanctions compliance program looks like in OFAC's view. FinCEN issued comprehensive guidance on the BSA application to virtual currency. The EU 5AMLD transposition deadline approached, and the EU itself began the process that would eventually produce the AML package and AMLA.

Reading this review, what I want compliance leaders to take away is this: 2019 was not just about larger fines, it was about the institutional bar moving in ways that would not be visible at the surface for several more years. Programs that recognized this in real time were positioned to weather what came next. Programs that focused on the headline number missed the more important signal underneath.

### Trends and Year-over-Year Comparison

Compared to 2018, the shift was from rule effective dates to supervisory operationalization. The CDD rule had been in force for over a year. ING had paid. Danske Bank was deep in investigation. The question for 2019 was not what the rule said but what supervisors expected programs to do with the rule's data, how they expected programs to escalate findings, and how they expected boards to govern.

Enforcement totals climbed. The OCC, Fed, and DOJ collectively brought several billion dollars of resolutions during the year. The pattern of multi-agency parallel cases (DOJ + OFAC + state) became standard, not exceptional. Sanctions cases involving Iran reached new scale (Standard Chartered, UniCredit). The crypto enforcement perimeter continued to widen.

Trend moving into 2020: the bench-strength challenge for compliance organizations became a defining operational constraint. Hiring and retaining experienced BSA officers, model-validation specialists, and sanctions tooling architects became a market-wide problem. Compensation for senior compliance roles began to rise materially, and the BSA officer role started moving from a regulatory-cost role to a strategic-investment role in board conversations.

## The Five Most Important Items of 2019

This is the short list. If a Chief Compliance Officer reads nothing else in this review, these are the five developments that mattered most in 2019, why they mattered, and what they meant for a working AML program.

### 1. Standard Chartered pays 1.1 billion dollars for Iran sanctions

On April 9, 2019, Standard Chartered Bank entered a 1.1 billion dollar resolution with DOJ, OFAC, the Federal Reserve, NYDFS, and UK FCA for Iran sanctions violations. The conduct dated from 2007 to 2014 and involved processing transactions on behalf of Iran-linked parties through the bank's New York branch.

The case extended Standard Chartered's prior 2012 settlement, which had not closed the underlying conduct. The 2019 resolution included an extension of the bank's deferred prosecution agreement and the installation of an additional independent monitor. For compliance leaders the operational lesson was that prior settlements do not insulate against repeat enforcement when the underlying remediation is incomplete.

### 2. OFAC publishes A Framework for OFAC Compliance Commitments

On May 2, 2019, OFAC published its first formal guidance on what constitutes an adequate sanctions compliance program. The framework outlined five components: management commitment, risk assessment, internal controls, testing and auditing, and training. The document drew on FCPA-program guidance from DOJ and laid out OFAC's expectations in writing for the first time.

The framework instantly became the reference document for sanctions program design, vendor selection, and examiner conversation. Compliance teams cross-walked existing programs against the framework, identified gaps, and budgeted for closure. The framework also clarified what OFAC was looking for in self-disclosure conversations, raising the bar for what a complete pre-disclosure package needed to include.

### 3. Westpac AUSTRAC scandal breaks

On November 20, 2019, AUSTRAC filed a statement of claim against Westpac for approximately 23 million breaches of the Australian AML/CTF Act, primarily involving correspondent banking and the LitePay product. The findings included transactions consistent with child exploitation patterns. The CEO resigned within days. The bank later settled for 1.3 billion AUD.

The Westpac case was the largest AML enforcement action in Australian history and reframed regulatory attention on banks' obligation to identify exploitation typologies through their AML monitoring. It also demonstrated that public exposure of certain SAR-eligible activity can produce reputational consequences that exceed the eventual fine itself.

### 4. FinCEN guidance on virtual currency

FinCEN issued comprehensive guidance in May 2019 (FIN-2019-G001) clarifying how the BSA applies to virtual currency. The guidance addressed money transmitter classification for exchanges, peer-to-peer platforms, mixing services, and a range of crypto-adjacent business models. It also addressed Section 311 considerations for primary money laundering concerns involving crypto.

The 2019 guidance was the foundation for everything FinCEN would do on crypto over the next five years, including the 2022 mixer NPRM and the eventual class-of-transactions designation. For traditional banks, the guidance answered a long-running question about which crypto counterparties qualified as MSBs and therefore required MSB-specific risk treatment under BSA.

### **5. EU prepares for 5AMLD transposition deadline**

Throughout 2019, EU member states worked to transpose the Fifth Anti-Money Laundering Directive into national law before the January 10, 2020 deadline. The directive extended AML obligations to crypto exchanges and wallet providers, tightened beneficial ownership transparency, and required public access to beneficial ownership data subject to legitimate-interest tests.

Transposition was uneven. Germany and Austria adopted rigorous implementations early; the Netherlands and Ireland followed; several smaller member states missed the deadline. For pan-European institutions, the variation in national implementation produced operational complexity that compliance teams had to manage product-line-by-product-line. The eventual EU AML package adopted in 2024 was partially motivated by this fragmentation.

## Other Material Developments

Beyond the top five, 2019 produced a set of regulatory, enforcement, and supervisory developments that did not dominate the headlines but materially affected how compliance programs are designed and tested. The items below are the ones that came up most in the program reviews and customer conversations we ran throughout the year.

### **UniCredit pays 1.3 billion dollars for Iran sanctions**

UniCredit Bank AG agreed in April 2019 to pay over 1.3 billion dollars in a global Iran sanctions resolution with DOJ, OFAC, NYDFS, and the Federal Reserve. The conduct involved transactions for Iranian, Cuban, Libyan, Sudanese, Syrian, and Burmese parties processed through US correspondents from 2002 through 2011.

### **Apple Bank for Savings pays 12.5 million dollars**

Apple Bank for Savings paid 12.5 million dollars to the FDIC in April 2019 for BSA program weaknesses including SAR filing timeliness and transaction monitoring tuning. The case was small in dollar terms but representative of a continuing pattern of community-bank BSA enforcement.

### **Mexico Casa de Cambio Internacional resolution**

FinCEN and DOJ resolved cases against several Mexican casas de cambio during the year, continuing the multi-year pattern of US-Mexico border-region BSA enforcement. The cases highlighted ongoing weaknesses in counterparty due diligence at US clearing banks that maintained correspondent relationships with Mexican money services businesses.

### **DOJ announces voluntary self-disclosure enhancements**

DOJ updated its corporate enforcement policies during 2019 to enhance incentives for voluntary self-disclosure, including in BSA cases. The framework moved beyond FCPA-specific incentives to apply more broadly. For compliance leaders this changed the calculus around when and how to disclose findings to law enforcement.

### **FinCEN advisory on real estate money laundering**

FinCEN issued an updated advisory on real estate money laundering during 2019, expanding red-flag taxonomies and providing additional context on the GTO program's findings. The advisory presaged the eventual residential real estate rule that would not be finalized until 2024.

### **Bitcoin and crypto seize as a sanctions tool**

OFAC made its first significant crypto-related designations in 2019, sanctioning individuals linked to ransomware operators by including specific Bitcoin addresses on the SDN list. The designations forced screening platforms to begin building wallet-address screening capabilities, ahead of the much larger 2022 Tornado Cash designation.

### **FATF mutual evaluation of China**

FATF published its 2019 mutual evaluation of the People's Republic of China, identifying significant gaps in transparency and information sharing. The findings shaped how non-Chinese banks approached PRC-counterparty due diligence and how export-control regimes interacted with AML obligations.

**PEP screening framework continues to mature**

Multiple supervisory letters and FFIEC examination procedure updates during 2019 reinforced expectations for PEP screening: ongoing rather than point-in-time, expanded to domestic PEPs where risk-justified, and supported by verified PEP data sources rather than uncurated open-source data alone.

**Capital One examination findings mature**

Examination findings against Capital One during 2019, particularly in connection with its check-cashing customer base, matured into the case that would settle in January 2021 for 390 million dollars. The 2019 supervisory attention was not yet publicly visible, but the file was building.

## Notable Fines and Enforcement Actions

The table below lists the headline AML, BSA, and sanctions enforcement actions of 2019, along with the regulator and the penalty amount. Where the action involved multiple regulators in a coordinated resolution, the combined amount is shown and the agencies are listed in the regulator column. This is not exhaustive: it is the set of cases that drove the most attention from compliance teams and boards during the year.

Company	Regulator	Amount	Notes
Standard Chartered	DOJ / OFAC / Fed / NYDFS / UK FCA	1.1 billion USD	Iran sanctions violations, April 2019
UniCredit Bank AG	DOJ / OFAC / NYDFS / Fed	1.3 billion USD	Multi-jurisdiction sanctions case, April 2019
Westpac	AUSTRAC	1.3 billion AUD (settled 2020)	23 million breaches, case filed Nov 2019
Apple Bank for Savings	FDIC	12.5 million USD	BSA program weaknesses
Allied Wallet	FTC	120 million USD	Payment processing facilitation case
Aegean Marine Petroleum	DOJ	75 million USD	Foreign corruption with BSA implications
Goldman Sachs (continued)	DOJ / SEC / MAS	Investigation deepens	1MDB resolution would come in 2020
Habib American Bank	OCC	Cease-and-desist	BSA program governance findings
M&T Bank	OCC	Various consent orders	Continued multi-year BSA remediation
Multiple credit unions and small banks	NCUA / FDIC	Aggregate tens of millions	BSA program quality findings

## Closing Note

The story of 2019 is that the supervisory framework was maturing in the way only a multi-year project does: not with a single visible inflection point, but with cumulative pressure applied to every part of the program. Programs that responded by investing in capability outperformed programs that responded by hiring more analysts. Programs that responded by neither did very poorly when the COVID-driven 2020 stress test arrived.

2020 would be the year of pandemic shock, the AML Act passage, and a wave of cases that had been building for years finally resolving. The institutions that walked into 2020 with mature programs were prepared for both the stress and the windfall of cleared backlog. The institutions that did not, were not.

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